



Director of
Central
Intelligence

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OCPAS/CIG

CY# 285

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National Intelligence Daily

*Thursday
26 January 1984*

~~Top Secret~~

CPAS NID 84-021JX

26 January 1984

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CHAD-FRANCE-LIBYA: Fighting in Chad

A French fighter-bomber was shot down and a second may have been damaged yesterday, apparently by Chadian rebels near Toro Doum, and more fighting is likely. [redacted]

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According to a French official, the downing took place after President Mitterrand authorized airstrikes on rebels who attacked Chadian Government forces south of the 15th parallel at Zigey on Tuesday. The US defense attache in Paris reports that the French plan to mount an immediate rescue mission to free two Belgian medical personnel captured by the rebels. [redacted]

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Comment: The French have airborne and reconnaissance forces at Salal that could carry out a rescue mission supported by helicopters. The remaining Jaguars and four Mirage F1s in N'Djamena as well as four Jaguars in the Central African Republic could provide additional air support if needed. [redacted]

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Any French military attacks against the rebels probably would stop short of striking Libyan strongholds in northern Chad, which are in range of Libyan aircraft. Paris wants to avoid the military and political dangers involved in a direct clash with the Libyans. It probably will warn Qadhafi, however, that another dissident incursion across the 15th parallel would risk further retaliation. [redacted]

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JAPAN-US: Foreign Minister's Visit

Foreign Minister Abe—who arrives in Washington today—hopes to set the stage for solving bilateral problems, but he is unlikely to offer many specific proposals during his trip. []

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Abe will deliver a letter from Prime Minister Nakasone to President Reagan stating Tokyo's commitment to resolving bilateral differences. []

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Comment: Abe is likely to point to the increase in defense spending approved by the Cabinet yesterday as a response to US concerns. Although Abe recognizes that the US will not be satisfied with the 6.55-percent increase, he may emphasize Japan's tight fiscal situation. Abe may offer some movement on tariff reductions and an extension of the beef and citrus agreement, but domestic political constraints will prevent substantial increases in agricultural quotas.

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The Foreign Minister is likely to mention that, in response to US calls for an expanded dialogue with Israel, Tokyo has invited the Director General of the Israeli Foreign Ministry to visit Japan next month. []

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SAUDI ARABIA: Government Spending

Saudi Arabia is avoiding politically risky spending cuts, despite reduced oil revenues and large deficits in both the budget and the current account. []

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The US Embassy reports that government spending shows no sign of falling below the budgeted \$75 billion for fiscal year 1984, which ends in April. In the first half of the fiscal year, imports reached about \$20 billion, a level comparable to that reached in the same period last year. []

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The government is continuing to provide funds for the petrochemical plants at Jubail and Yanbu; social programs, including food price subsidies; aid to Iraq; and the upgrading of air defense and other military capabilities. Last week the Saudis signed a \$4-5 billion deal with France for the Shahine surface-to-air missile system. []

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The Saudis are taking only painless expense-cutting steps that include curtailing "nonessential" projects and reducing aid to Sudan and other non-Arab states. []

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Comment: The leadership is unwilling to make spending cuts that would spur dissension in the royal family or cause public discontent. Middle-level economic administrators, however, believe that the government has not gone nearly far enough in introducing austerity measures. []

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Riyadh is likely to face a budget deficit of about \$15 billion this fiscal year. Sluggish oil sales and current levels of spending will make the current account deficit greater this year than in fiscal year 1983, when it reached \$13 billion. To finance these deficits, Riyadh will have to rely on delayed payments and draw on its reserves. []

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SURINAME: Strikes Ending

The five-week-long bauxite strike apparently is over, and workers at all three bauxite facilities have returned to their jobs, according to the US Embassy. [REDACTED]

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[REDACTED] The Embassy also reports that Bouterse has appointed a nine-member commission drawn from the military, labor, and business to advise him on economic and political problems, including the selection of a new cabinet. [REDACTED]

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Comment: Bouterse sees the workers as a focal point of opposition, and he may expand his security apparatus in an effort to avert future labor unrest. Although most bauxite workers have accepted the strike settlement, the potential for new strikes will increase if the government begins to implement necessary austerity measures. The appointment of the new advisory group may be Bouterse's latest attempt to appease key pressure groups as well as the general population. [REDACTED]

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USSR-ROMANIA: Planned Visit by Gromyko

Romanian press reports indicate that Soviet Foreign Minister Gromyko will arrive in Bucharest next Monday for two days of talks with President Ceausescu. [REDACTED]

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[REDACTED] A TASS report earlier this week stated that Gromyko will be accompanied by Central Committee secretary Rusakov, who is responsible for relations with East European Communist parties. [REDACTED]

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Comment: Romania's reported request earlier this month for bilateral discussions of the INF issue may have prompted the visit. The Yugoslav Foreign Minister noted after his meeting last week with Gromyko in Stockholm that the Soviet Foreign Minister is a "cranky old man" who takes criticism of Moscow's foreign and arms control policies personally. Ceausescu has continued to speak out against INF countermeasures, and his talks with Gromyko are likely to be tense. [REDACTED]

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USSR-BULGARIA: Stringent New Trade Agreements

US Embassy sources say Bulgarian planning chief Bonev and Foreign Trade Minister Khristov had to meet tough Soviet demands during recent trade talks in Moscow. The Bulgarians reportedly agreed to increase deliveries of better quality agricultural and industrial goods and accept cutbacks in petroleum imports to comply with Moscow's insistence that the chronic bilateral trade deficit be reduced. The poor economic outlook—resulting in part from the USSR's firm stand—is encouraging the Bulgarians to continue to carry out economic reforms that give state enterprises more leeway in handling day-to-day affairs. [REDACTED]

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Comment: The increased exports will strain Bulgaria's ability to earn hard currency and could affect domestic supplies. Cuts in Soviet oil deliveries probably will be gradual, but they also will reduce the hard currency earnings that Sofia takes in from reexporting oil. Such reductions could force Bulgaria to shelve plans to increase imports of Western technology and gradually push the government toward further economic reforms to improve productivity and quality. [REDACTED]

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EAST GERMANY-WEST GERMANY: Refugee Incident

Bonn did not pay ransom for the six people allowed into West Berlin on Sunday from their refuge at the US Embassy in East Berlin, according to public statements by East German and West German officials. East German leader Honecker's unusual decision to let the six go immediately "confounded" Bonn's representative in East Berlin. There are no indications that East Germany has taken new steps to keep its citizens away from Western embassies.

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Comment: Press reports of a deal between the two governments appear to be based on the involvement of a confidant of Honecker's who arranges prisoner ransoms. Although Honecker probably hoped to calm the situation and reduce press coverage, he risked setting a precedent for the many thousands of East Germans who want to emigrate. West German media reach most of East Germany, and dissidents probably will try to duplicate the success of the six unless the regime restricts access to embassies.

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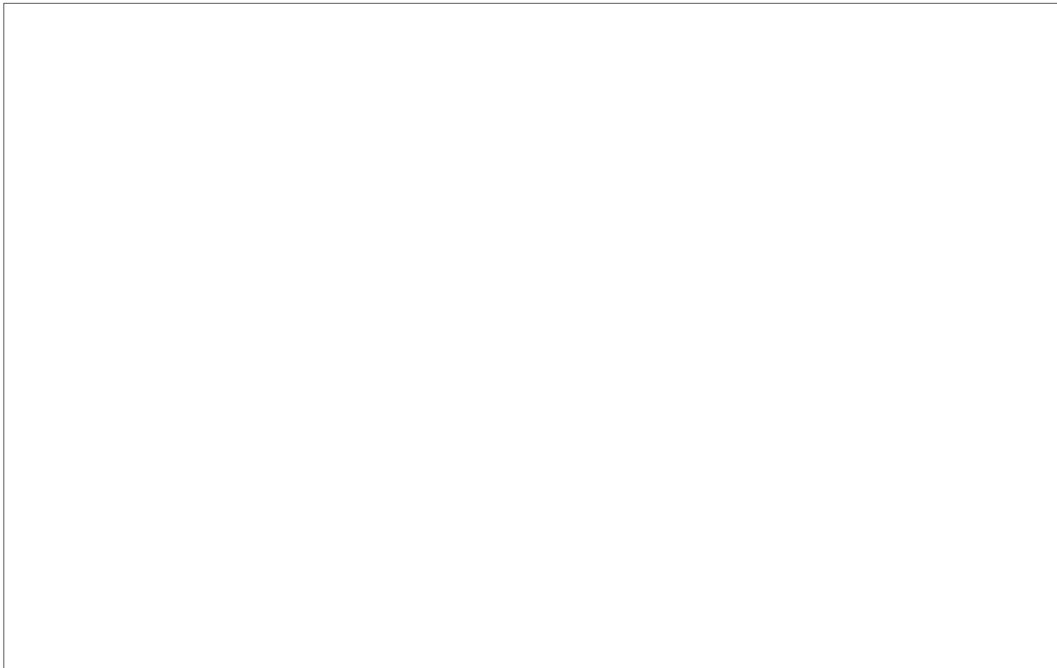
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USSR-MIDDLE EAST: Criticism of Islamic Conference

A Soviet television commentator has criticized the Islamic Conference's decision at its recent summit in Casablanca to invite Egypt to return to the organization. The commentator implied that the decision was reached improperly and claimed that it reflected Western efforts to split the ranks of developing Islamic—particularly Arab—states.

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Comment: The USSR, which usually avoids the appearance of interfering in Third World political disputes, evidently is concerned that Egypt's readmission could strengthen pro-Western moderates who supported the move and isolate pro-Soviet radicals who opposed it. The Soviets may be reassessing their apparent hopes that reducing Egypt's isolation from other Arab states would work to Moscow's advantage by loosening somewhat Cairo's close ties with the US and its support for the Camp David accords.

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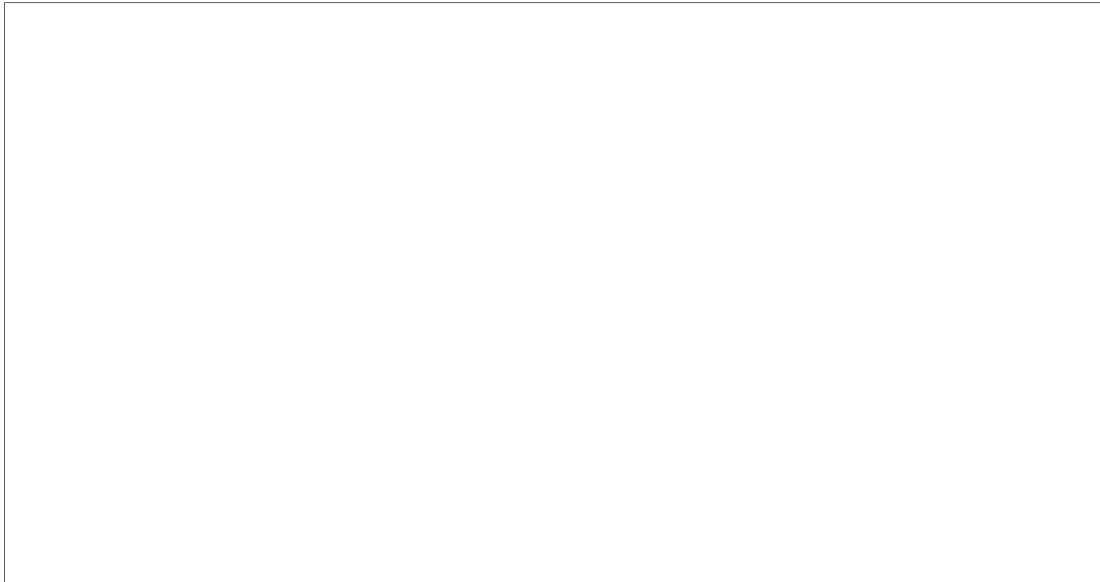
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GHANA: Alleged Coup Plotting

A government minister says key leftist adviser and intelligence chief Tsikata is plotting to overthrow Head of State Rawlings some time next week, according to the US Embassy. The official claims that Tsikata, who has close ties to Cuba, has been "assured" of Havana's support. Tsikata has been threatening to resign in protest over recent policy changes that Rawlings had instituted in order to try to obtain badly needed Western economic assistance. [REDACTED]

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Comment: A successful coup by Tsikata probably would be followed by appeals to Cuba and Libya for military aid. Havana might be willing to send some military personnel to ensure Tsikata's personal safety, but it would be likely to prefer to wait until the regime had established itself. Although Tripoli initially supported Rawlings, Accra's refusal to sign a mutual defense pact that would allow Libyan troops to be based in Ghana has strained relations. Libyan leader Qadhafi probably would quickly offer arms and perhaps limited security assistance in hopes that a more radical government would accept such a defense agreement. [REDACTED]

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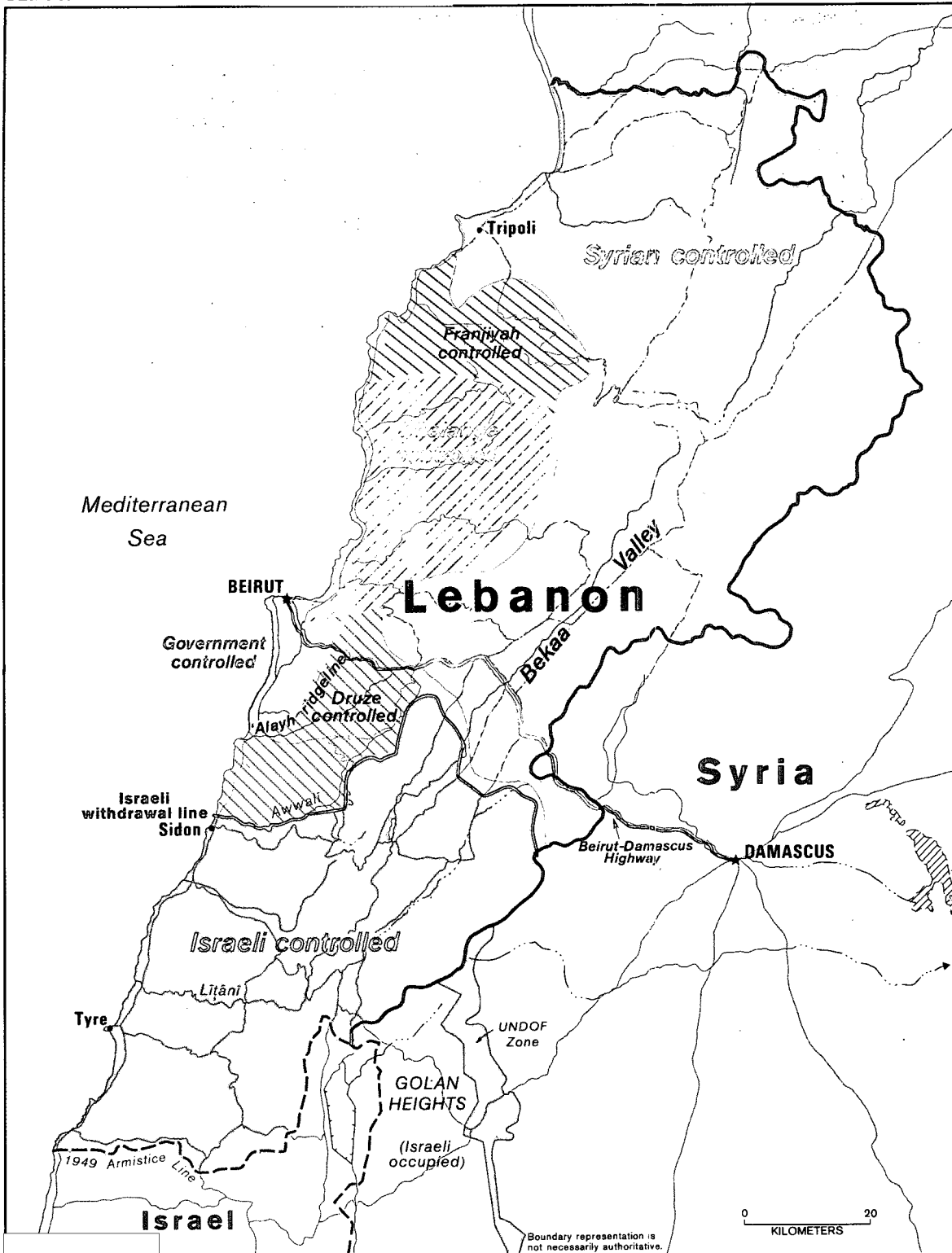
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Special Analysis

SYRIA-LEBANON: Assad's Shifting Tactics

President Assad has made several tactical changes in his policy on Lebanon since late September, but he has not lost sight of his goal of getting the US and other MNF contingents out of the country. He also continues to use Syria's assets among Lebanese political factions to try to force concessions from President Gemayel and prevent implementation of the agreement of 17 May. The Syrians probably intend to alternate between intransigence and flexibility in an effort to sustain pressure on the Lebanese Government without prompting further US military involvement. [redacted]

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Syria accepted the cease-fire in September and took part in discussions on security arrangements because it believed that renewed fighting in Lebanon would risk an increased US role.

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A Harder Line

Assad expects the MNF to withdraw in the coming months, but he seems prepared to risk more fighting if the MNF remains and the security talks fail. Syrian maneuvering among Lebanese factions suggests that Assad plans to stir up street fighting in Beirut if the government moves militarily to extend its authority without offering political concessions. [redacted]

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Syria's Regional Concerns

The possibility of renewed talks between PLO chief Arafat and Jordan's King Hussein on a joint approach to the peace process probably has reinforced Assad's hardline position.

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Assad's insistence that the agreement of 17 May be abrogated is a signal that there can be no solution to the region's problems unless Syrian interests are taken into account. In Assad's view, implementation of the agreement would threaten Syria's interests in Lebanon and would reduce the pressure on Israel to relinquish Arab lands—including the Golan Heights—that it occupied in 1967. Assad believes the agreement would allow Israel to normalize relations with a second Arab country and erode any possibility of negotiating further Israeli concessions.

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The Syrian leader almost certainly has concluded that a Lebanese or Jordanian peace agreement with Israel would increase Syria's isolation and diminish international concern about Syrian lands still occupied by Israel. Assad is determined to protect his country's interests, and he is unlikely to be forced into greater flexibility in Lebanon by US or Israeli military pressure.

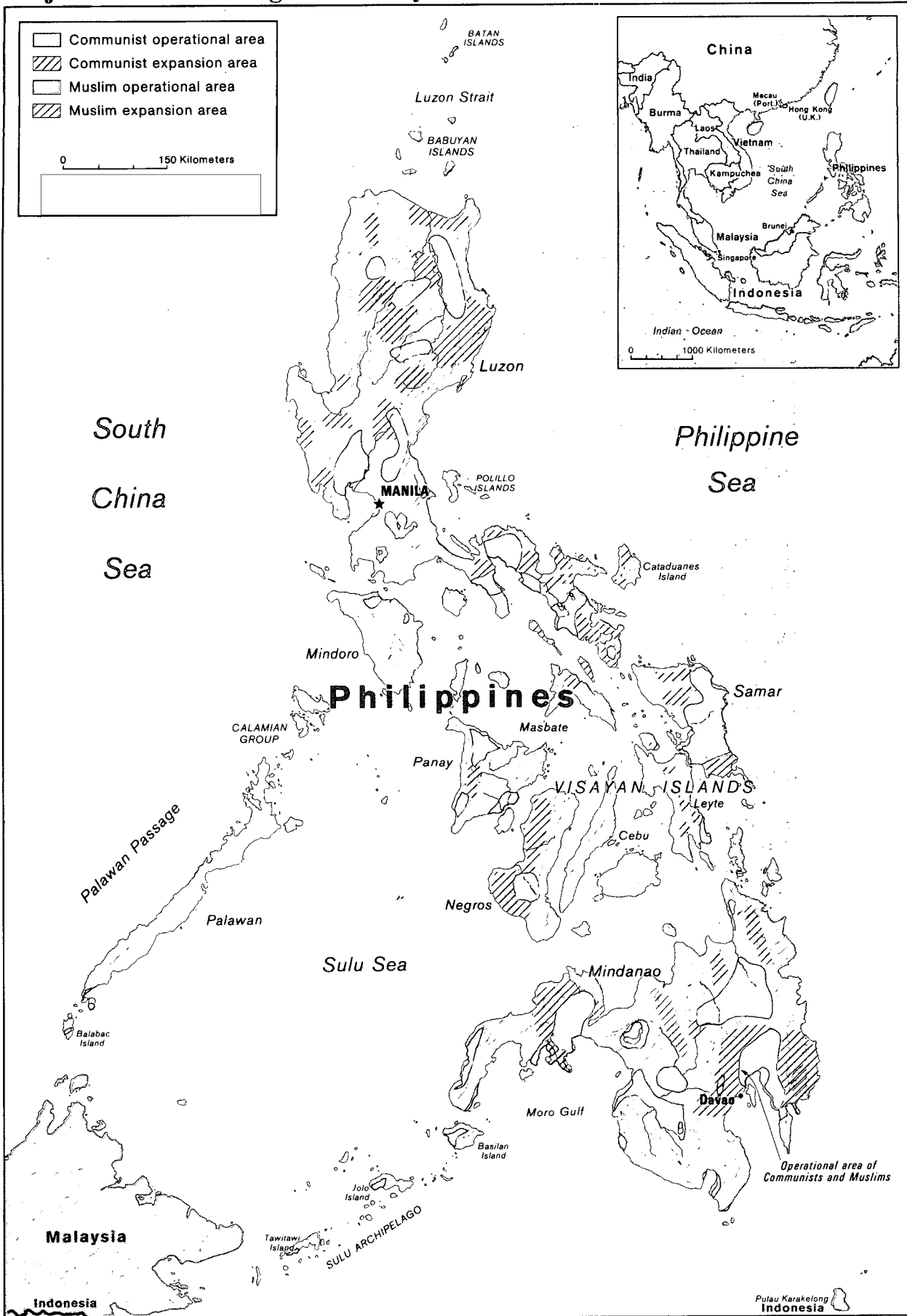
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Major Areas of Insurgent Activity



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Special Analysis

PHILIPPINES: The Insurgency Problem

The government is making little progress dealing with the Communist insurgency, which has continued to grow vigorously over the last few years. The Communist Party of the Philippines and its armed force, the New People's Army, have a free hand in organizing villagers in many parts of the country. Manila's attention recently has been diverted from this midterm threat by the assassination of Benigno Aquino, the financial crisis, the succession issue, and the health of President Marcos.

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Communist strategy at this time continues to stress political organization rather than military confrontation. Nonetheless, the number of armed encounters with government forces rose by more than 50 percent in the first six months of 1983. Nearly two-thirds of these 1,200 incidents were initiated by the New People's Army. Over the past year the insurgents have been operating with greater frequency in groups of up to 150 in several regions.

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In the past few months popular dissatisfaction with the government has intensified in both urban and rural areas. In the countryside the Communists are benefiting from the effects of an increasingly unpopular one-man rule, repressive military tactics, and a deteriorating economy.

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Shortcomings of the Armed Forces

Marcos is relying principally on a military strategy to defeat the Communists. Low morale in the armed forces, the disillusionment of many field-grade officers, inadequate logistic support, and poor training and discipline—a major reason for harsh treatment of the rural population—limit the effectiveness of this approach.

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For the most part, the government is unable to protect its supporters from reprisals in areas where the New People's Army is active. Estimates of the number of killings last year are somewhat higher than in 1982, when 436 were murdered by the Communists.

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The current financial crisis in Manila also has impeded the counterinsurgency effort.

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Manila's Response

The government remains largely incapable of exerting political and administrative influence in many areas of the country, particularly in those where it is seriously challenged by the Communists. Many senior military officers say the government's inability to make headway in combating the country's social problems at the local level and in eliminating local graft and corruption are impeding the counterinsurgency effort.

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Manila's political, economic, and military programs have failed to arrest the growth of the insurgency. Civilian agencies have been unable or unwilling to cooperate in a counterinsurgency program designed by the military. Over the last decade they have become rigidly bureaucratic, inefficient, and slow to adapt to changing circumstances.

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The key rural economic program—the National Livelihood and Development Program—has performed poorly. It is plagued by an overly centralized administration controlled by Mrs. Marcos, and it is better known for flamboyant public relations successes than for results. [REDACTED]

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The Future

Under current conditions, the insurgency is likely to continue the rapid growth it has experienced in the past several years. Although the insurgents pose no immediate threat, the government will have to move more forcefully if it expects to reverse or slow the trend. [REDACTED]

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The military leadership in Manila is either unable to influence the counterinsurgency effort significantly or lacks the will to do so, according to reports from the US defense attache. Marcos now has more pressing political and economic concerns, which may be diverting his attention from the insurgency. [REDACTED]

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Manila's past ineffectiveness in countering the insurgency will take at least several years to remedy because of longstanding weaknesses in military training and logistic support. The government also will have to address the greater problem of economic and social development in the countryside. If the rural economy remains depressed for more than a few years, the current administration or any successor government probably will have difficulty halting the spread of the insurgency. [REDACTED]

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